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# Quantification Devices and Political or Social Philosophy. Thoughts Inspired by the French State Accounting Reform

Corine Eyraud\*

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**Abstract:** »Instrumente der Quantifizierung und die politische oder soziale Philosophie. Gedanken, die durch die Reform des französischen staatlichen Rechnungswesens inspiriert wurden«. Our various studies in the sociology of quantification have convinced us that it is possible to look at social or political philosophies and seemingly technical tools at the same time, considering them as a totality. The works of Alain Desrosières have also demonstrated this. But our recent work on the French State accounting reform has shown that the new accounting system can be used in many different ways, for very different, and even divergent purposes. There seems to be no unequivocal link between a kind of quantification device and a specific social philosophy. This article aims to reconsider the nature and conditions of this link, on the basis of our recent work on state accounting reform.

**Keywords:** Sociology of quantification, sociology of accounting, French State accounting reform, new public management, neoliberalism.

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## 1. Introduction

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Over the last fifteen years, we have aimed to enter into the analysis of broader phenomena and processes by decoding the genesis and uses of quantification devices: the accounting reform of Chinese state enterprises makes it possible to grasp the essence of the Chinese economic reforms of the 1990s (Eyraud 1999, 2003), and the construction and implementation of a system of performance-based management in French universities informs us about the profound transformations they have undergone in the last two decades (Eyraud et al. 2011). These various studies have convinced us that, as the works of Alain Desrosières have shown, “it is possible to look at the same time at social or political philosophies and seemingly technical tools, considering them as a totality” (Desrosières 2000, 84); it is indeed not only possible, but productive and even necessary.

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This is first because, if one starts out by integrating tools and devices into the analysis, once the technical difficulty is overcome, the reading of the processes at work is easier and less open to discussion: the processes are largely objectified in the changes of devices and become relatively self-evident. Secondly, these tools and devices are not inert objects; they act in the sense that social actors partly orient their action in relation to them.<sup>1</sup> It is therefore no longer possible nowadays, in view of their growing importance, to understand the functioning of a field or an organization and the logics of the actors involved without integrating them into the analysis. That is why, in recent years, many researchers have adopted this approach, either for quantification devices, or more broadly for management devices (Boussard and Maugeri 2003; Chiapello and Gilbert 2013) or for instruments of public action (Lascombes and Le Galès 2004). These authors use various terms: *outil* (tool), *outillage* (toolset), *dispositif*, *instrument* – is it possible to choose one, and for what reasons? If we start from Foucault's definition, the term *dispositif* seems to us the one most capable of holding together “social or political philosophy” and “seemingly technical tools.” Indeed, Foucault defines the *dispositif* as

a thoroughly heterogeneous ensemble consisting of discourses, institutions, architectural forms, regulatory decisions, laws, administrative measures, scientific statements, philosophical, moral and philanthropic propositions – in short, the said as much as the unsaid [...] The *dispositif* itself is the system of relations that can be established between these elements (1994, 299).

The term thus emphasizes the complex and varied nature and the systemic dimension of these “ensembles”; we have chosen to render it here by “device.”<sup>2</sup>

This being said, our recent research on the transformation of French State accounting (Eyraud 2011, 2013)<sup>3</sup> has shown that the accounting system could be enrolled in different and even divergent logics and objectives: to show that the state is heavily indebted or not so much, to improve public management or encourage the outsourcing of public activities. The link between a type of quantification device and a social or political philosophy does not seem to be univocal; they are perhaps not “a totality.” This article aims to question the nature and conditions of this linkage through an analysis of the French State accounting reform.

<sup>1</sup> Desrosières analyzes these “retroaction” phenomena especially in his last writings, brought together in a work published posthumously (Desrosières 2014).

<sup>2</sup> The English rendering of Foucault's *dispositif* has given rise to extensive discussions. Some of the published translations retain the term in French, others opt for various *ad hoc* solutions such as “apparatus,” “device,” “arrangement,” “socio-technical system,” “mechanism,” etc.

<sup>3</sup> The materials on which it was based are firstly interviews, in particular with actors involved in the process of constructing the new state accounting standards, secondly archives (documents and official reports), and thirdly a corpus of French newspapers and magazines from the time of the drawing up of the first new-style balance sheet to the time of the first certification of the accounts.

In order to do so, in the first part, one needs to understand the state accounting model before and after this reform, the actors in the process of construction of the new norms, and the major choices that they made. The second part explores the objectives and uses of this new accounting system and shows precisely their plurality. The third part puts forward a grid for the analysis of quantification devices which seems capable of casting light on the nature of the link between device and philosophy. The final part tests this grid by comparing the new French accounting system with public accounting in the UK and New Zealand.

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## 2. The Construction of the New Accounting Device

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### 2.1 The Old and the New

Since the 1990s, a growing number of countries, with some English-speaking countries in the lead (New Zealand, Australia, then the UK and the United States), have undertaken a major transformation of their public accounting systems, moving from a specific public accounting to business accounting. Many analysts regard the adoption of business accounting for the public sector as one of the elements of New Public Management (cf. for example Suleiman 2003, 184-93). The change of accounting system came into effect in France on January 1st, 2006.

The essential function of the old type of accounting was to enable Parliament to ensure that the taxes were collected and spending made in accordance with the budget that had been passed, and to prevent fraud and misappropriation. Based on the idea of public funds, it was a *cash basis accounting* that retraced the inward and outward movements on an annual basis, which reasoned in terms of cash flow and recorded operations at the moment of receipt or payment. All collections are regarded as revenue, whether they result from taxes or borrowing – whereas business accounting would register the former as an accrued asset and the latter as a debt (or liability). Likewise, all outgoings, whether public salaries, real property purchases, or product purchases, are treated as expenditures. By contrast, business accounting distinguishes the former, as costs, from the latter two, which are recorded as assets (fixed assets for real estate and current assets for stocks) that can generate future gains. The “result” of the accounting period corresponds to the cash variation. Fixed and current assets exist as lists and inventories, and are non-quantified, whereas stocks exist in the form of physical quantification (so many hectolitres of fuel, etc.).

The new accounting regime is an *accrual basis accounting* which records and values all assets (fixed assets, stocks, receivables, and liquidities) and all liabilities (debts and provisions), and on that basis draws up a *balance sheet* which retraces the accrual situation of the entity in question. It is there an ac-

counting of flows and stocks. It also set up a correspondence between the costs and revenues of a reference period (the annual accounting period). Receipts and expenditures are recorded at the moment when the credit or debt is generated, and not at the moment of receipt or payment. This principle makes it possible to calculate a revenue, in other words a profit or loss over the period of activity, and is the basis of the drawing up of the *statement of income*. Marx, Sombart and Weber noted that monetary calculation and the accounting that allow a balance sheet to be drawn up and the profitability of an operation or a period to be calculated were foundations of the capitalist enterprise and conditions of possibility of the development of modern capitalism. But what is the place of these foundations and conditions of capitalism at the heart of contemporary states?

## 2.2 The Actors of the Process

In international terms, it is the *International Public Sector Accounting Standards* (IPSAS) that have become the reference standards for this new state accounting. They are produced by the *International Public Sector Accounting Standards Board* (IPSASB), a committee of the *International Federation of Accountants* (IFAC), a multinational group formed by the professional associations of accountants. These standards are largely inspired by the new international norms for the private sector, the *International Financial Reporting Standards* (IFRS), produced by the *International Accounting Standards Board* (IASB), which itself also arose from the accounting professions and is close to the IFAC.

Researchers in economics and accounting (cf. for example Aglietta and Réberieux 2004, 151-85; Colasse 2007, 50-6; Richard and Colette 2008, 9-29; Walton 2008), adopting Albert's (1993) distinction between Anglo-American capitalism and "Rhine model" capitalism, distinguish two major accounting devices or systems: the Anglo-American and more especially British model, and the Franco-German or continental European model. Each of these corresponds to a choice regarding the assets to be valued in the balance sheet, the degree of freedom allowed to enterprises regarding accounting information, the connection or disconnection between accounting and taxation, the scope for interpretation allowed to accounting professionals, and the actors and processes of accounting standardization. Underlying these choices one finds a conception of the enterprise and its objectives and an opinion as to which stakeholders matter and for whom the accounts are drawn up. The British and American accounting model is thus the bearer of a contractualist and shareholder-based model of an enterprise that essentially presents accounts to its capital providers, whereas the continental European accounting model is the bearer of an institutionalist, partnership-based enterprise model, that of an enterprise that has to present its accounts not only to its owners but also to its creditors, its employees and the state. There is thus a correspondence between an accounting device and a form of capitalism.

The IASB was created by British accountants; from the outset it was closely linked to the major international audit firms, themselves of Anglo-American origin. The same is true of the IFAC. The standards they produced were thus strongly marked by the Anglo-American and more specifically British tradition. The complete set of IFRS, produced in the early years of the century, also emphasizes a new principle for the valuation of assets, “fair value”<sup>4</sup> or “market value,” which had been progressively introduced into the American standards from the late 1990s, and to which we shall return. The IPSAS extend the recourse to “fair value” compared to the IFRS.

In France, the new accounting device was drawn up by the *Comité des normes de comptabilité publique*.<sup>5</sup> This committee, under the minister in charge of the Budget, has – unlike the IPSASB – a large public-sector majority, with a strong representation of the Ministry of Finance, although there are also some representatives of the private accounting world and the world of business. The committee worked from mid-2002 to the end of 2003 to produce the new standards, which were adopted at the start of 2004. It based its deliberations on the IFRS, the IPSAS (which had then been produced in part), the *Plan comptable général* (PCG, the French accounting standards, which were entirely typical of the continental European model) and what it took to be the specificities of the French State. It is clear that the principles on which these various references are based could not easily be reconciled, and that the committee had to make choices.

### 2.3 Two Major Choices

We shall simply examine here two controversies that arose within the French committee and the ensuing choices.<sup>6</sup>

The first concerns the method used for the valuation of fixed assets. To value a fixed asset, a machine-tool for example, several choices are possible; in particular it can be valued at its acquisition price or historic cost, or at its current market price (fair value). Historic cost was used throughout the twentieth century, accompanied by the calculation of an amortization which takes account of the depreciation of the asset: the enterprise sets aside a provision for amortizations with a view to replacing it when necessary. In this way “the capitalists obliged themselves to respect their capital” (Richard 2010, 62); accounting analysts consider that this mode of valuation, which is that of the French PCG, is thus part of an industrial-type capitalism. The IFRS and IPSAS standards prefer “fair value,” updated on each closing date, which creates great volatility in accounts from one period to another; it “brings the volatility of the markets into company reports, [...] favours the penetration of enterprises by

<sup>4</sup> The normative dimension of this term will be noted.

<sup>5</sup> A large proportion of our interviews were carried out with members of this committee.

<sup>6</sup> For an exhaustive analysis of the controversies and choices, see Eyraud (2013, 117-72).

financial logic [...] and] is rooted in a justificatory vision of the market as guarantor of justice and the common good” (Aglietta and Rebérioux 2004, 159 et seq.). Analysts regard it as belonging to another form of capitalism: finance capitalism (cf. for example Capron 2005).

How then should the fixed assets of the State be valued? After considerable controversy within the French committee, fair value finally won out for the valuation of non-specific land and buildings (except for historic buildings, cemeteries, etc., which were assigned a symbolic value of one euro). Contrary to what might have been expected, this was not the choice of the members of the committee drawn from the private sector<sup>7</sup> nor from liberals who might come both from the public and the private sector, advocating a move towards the IFRS and a minimum state which, in order to shrink, could, at least, sell off its assets. On the contrary, market valuation was advocated and vigorously supported by the committee members from the public sector, who wanted maximum recognition of the specificities of the State, and who seemed very attached to a strong State and public services. As one of them explained: “We want a value that can be used in management, and to be able to say to the ministries: ‘This market value can help you in your decisions: stay in your buildings, or sell them, or rent them out, and go and rent or buy where it’s cheaper.’” This choice is thus not grounded in a justificatory vision of the market but rather in a conception of “good management,” even if this “good management” can include the sale of assets when this appears economically more rational.

A second controversy concerned intangible assets: should the level of education, state of health, research capacities, etc. be regarded as national wealth and therefore as intangible assets, or only the related expenditure (salaries of the civil servants providing these, overheads, etc.) as costs within the profit and loss account? A committee member wondered:

If we want the net situation to be made meaningful, even if it is negative, we need to be sure that we take account of all public investments; and the real investments are education, research, health. [...] For a state, an investment is an expenditure that will have positive effects in the future; even in purely financial terms, it means being able to levy taxes in the future, so these are all expenses that favour growth.

But the committee chose not to count them as investments, to the great annoyance of some members. We encounter here two fundamentals of the capitalist enterprise and its translation into accounting, fundamentals that our work on Chinese State enterprises enabled us to bring to light (Eyraud 2003). First, the

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<sup>7</sup> These people, who were very attached to the French *Plan comptable général* and its form of monetary calculation, historic cost, were strongly opposed to market value; it has to be said that they had not spent their working lives in the big international auditing firms. In a general way, in the accounting field, there is struggle and conflict between these two forms of monetary calculation (historic cost and market value) favoured by different groups and social groups and actors; market value now has the upper hand and becoming more widespread.

capitalist enterprise has a purely economic function: welfare and ecology are externalized; they are not among its objectives but part of what economists precisely call “externalities,” potentially covered by taxation. Secondly, labor is regarded as an expense and not as an asset; it is (finance) capital that produces wealth, labor consumes it. We have here the vision of the role of capital and labor in wealth production that was at the foundation of capitalism, and which state accounting adopts for its own use.

These two examples show clearly that accounting categories are social constructions. These are generally historical constructions built up over long periods (Richard 2010), here they are constructions resulting from controversies and compromises among actors in the short span of the working out of the reform. An accounting device thus integrates strong political or philosophical choices which are precisely the object of these struggles among actors.

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### 3. A New Accounting System for What Purpose?

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A major accounting change generally corresponds with a change in the objectives and intended readership of the accounts, and, conversely, a change in objectives and readership requires a major change in accounting – its categories, modes of valuation and or its financials documents. So, business accounting for the French State – for what purpose? To measure the wealth and solvency of the state? To aid public management? It is important to distinguish discourses and practices in this area. We can analyse the discourses through the interviews we carried out in the *Comité des normes*, the statements of senior civil servants or ministers, official reports and press articles. We shall analyse the practices in the next part of the article.

#### 3.1 Measuring the Wealth and Solvency of the State?

As we have seen, the new accounting provides an economic and financial vision of the state. But does it aim to measure the wealth, and changes in the wealth, of the state, or indeed its solvency? The *Comité des normes* officially replies “No” to this question: “Given the specificities of the state, the net position that is presented is more in the nature of a balance without obvious meaning than measure of the growth of wealth” (*Comité des normes de comptabilité publique* 2003, 18). A member of the Committee explained this position: “The IFRS are made for listed companies, companies that are for sale, even if only in small pieces [...] The state is not for sale. Fundamentally, imagining that accounting will tell you the value of the state is an absurdity.”

For the press, the answer is clearly “Yes.” Some journalists explicitly compare the accounts of the state to those of a company: *Le Figaro* (22/11/06) or *Les Échos* (31/05/07) refer to the accounts of “the enterprise France,” while *Le*



*Monde* publishes an article entitled “The state: a very, very big enterprise” (30/05/07). *Les Échos* (31/05/07) goes further, using, admittedly in quotation marks, the vocabulary of financial analysis: “improving its balance sheet,” “turnover,” “operating costs,” “net result,” “accounting loss.” But the uses and analyses of these accounts diverge. Some newspapers and some economists highlight the indebtedness and/or impoverishment of the state; others, by contrast, use the new accounting to relativize public indebtedness by comparing it with the assets, showing that there are not only debts but also public wealth.

The financial markets and ratings agencies, in other words the external providers of capital and their “advisers,” do not seem to use the new accounting as a basis for a financial analysis of states: all the criteria they put forward can be calculated from information from the national accounting: GDP per capita, growth rate, public deficit/GDP or public debt/GDP ratio.

### 3.2 An Aid to Management?

A member of the Committee developed this point of view:

Applying business accounting to public bodies has a real but limited interest. It won’t tell you the value of the public service, but have we counted all the buildings, can we say roughly what this or that cost? Before this accounting was applied, the answer was ‘No’; you have to apply business accounting methods to work out the costs. Business accounting can improve management for perhaps 10 to 20% of assets and liabilities.

The possibility of calculating costs, preferably full costs, is, to a large extent, the primary objective assigned to this new accounting. But for what purpose should costs be calculated? On that point, opinions diverge.

#### 3.2.1 Managing “Better” and Making Internal Trade-Offs

We recall the words of the committee member who wanted “fair value” valuation of buildings so as to enable ministries to decide between remaining where they were, renting, and selling. This was also the view of another member, who is now in the accounting department of the CNRS, the French science research council:

Accrual accounting should not be given inflated importance, but it shouldn’t be underestimated either. It enables to manage public funds better. For example, CNRS travel costs are 17% up on the previous year. With a good accounting system you can decide between videoconferencing and travelling.

#### 3.2.2 Comparing Public/Public or Public/Private

Knowing the costs of an activity also makes it possible to compare several entities that perform the same type of activity. The procedure is not the same when one compares one public entity with another, or the costs of an activity

conducted by a public organization with those of the “same” performed by a private company.

In the first case, the objective is generally to set up competition between public entities to push them to reduce their costs. This is the explicit aim of pricing the activities of French hospitals: “The principle is to reduce the cost differentials between hospitals for the same service. The underlying hypothesis is this cost variation is due to different levels of efficiency” (Centre d’analyse strategique 2010, 6).

In the second case, competitive processes are introduced in order to allow decisions to be made – and many works and statements by senior civil servants mention this – between “doing things” and “paying to get things done.” Activities may be outsourced to private companies – the activity in question is then privatized – but also to associations. Finally, the calculation of the full costs of an activity with a view to comparing the private offer and the public cost is also a basic component of the “preliminary economic evaluation” preceding the drawing-up of a call for tenders for a public-private partnership (PPP); this new accounting therefore seems necessary for the development of PPPs, which took off in France from the middle of the first decade of the century.

This comparison of costs, between public and public or public and private, raises two fundamental problems. The first is well summarized by Riveline’s remark: “the cost of a good does not exist” (Riveline 2005, 12): it is based on choices, conventions, there is no single objective cost. The second lies in the fact that the comparison is generally made on the basis “all things being equal,” without considering the conditions of production of the activity, such as the differences in the sociodemographic composition of the users or clients, or not always relating them to the quality of the services produced.

### 3.3 The Same Tool for Different Purposes

From the measurement of wealth to aid to management, we find ultimately two major possible orientations for the uses of this new accounting device: serving an “effective state” with the aid of “good” public management and strengthening economic rationality in political decisions, or serving the development of neo-liberalism through a shrinkage of the state, a reduction of public spending and, above all, the development of public-private competition and the opening up of new markets on public resources for the private sector. One should therefore not conflate the development of the managerial spirit within the state and the development of neoliberalism: these are two different forms of rationalization, in the sense that their objectives differ.

It is certainly the case that the tool opens up different possibilities for action, which has meant that it has met with a fairly broad consensus among the senior civil servants concerned. The words of one of them are particularly enlightening:

An accounting directive, M49, required local authorities to show the production cost of water. Many local politicians are strongly opposed, on the grounds that “Your instruction raises the price of water.” That is absurd: the instruction required the cost to be shown; the political debate is then about whether this cost should be paid through water bills or taxation. And I don’t see how there can be a real debate without a tool that tells me this cost. People want to break the thermometer on the grounds that it raises the temperature. It’s the same for state accounting. It seems to me useful to show the costs; this is what it costs, now we can have a real debate about it: “Shall we do it, or not? Shall we finance it, or not? How do we finance it? What are our priorities? and so on.”

In other words, business accounting for States could be used in the service of an informed democratic debate. How does one then explain that one and the same tool can be used within such different logics, and thus impact the course of events very differently? Do social or political philosophies and technical devices really form a totality? What ultimately is the nature of the linkage between a device and a philosophy?

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#### 4. On the Nature of the Link between a Device and a Philosophy

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The research presented here shows that there is indeed a social and political philosophy, or rather, there are social and political philosophies, within a quantification device. To go further, we can, it seems to us, differentiate between three levels within a quantification device. First, there is what might be called the bedrock level: a quantification device is grounded in a founding vision, and is generally congruent with a form of state or a particular economic system.<sup>8</sup> Secondly, there is what might be called the intermediate level: a quantification device contains a conception of the objectives and “*raisons d’être*” of the entity that is quantified. Thirdly, there is the level of the micro-conventions of calculation: philosophies can be hidden at this microscopic level and give a particular orientation to the device. While it is useful to differentiate these three levels and necessary to analyze them, this does not tell us everything about the orientation of the device and the effects it can produce; we also have to look at the context of its deployment and its uses; the device is part of a larger configuration.

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<sup>8</sup> Desrosières showed several times that for each understanding of the role of the state in the running of the economy there is a particular statistical system that is progressively installed together with the corresponding forms of the state and of public action, cf. for example Desrosières (2014, 33–58).

#### 4.1 First Level: The Bedrock – A Founding Conception

The main strength and the main interest of business accounting for modern capitalism lies in the fact that it constructs the enterprise as an entity that is autonomous with regard both to its owners and to other enterprises. At its foundation, one finds a dividing-up operation, a severing conception that creates the entity “the enterprise.” The calculation of costs is also based on a separation of entities and activities, and then on an effort to make comparisons among these entities or among the same activities performed by other organizations. It is therefore itself based on a separating, individualizing conception, on divisibility.

The second strength and the second interest of accounting for capitalism lies in the fact that it allows for

the valuation and verification of opportunities for profit and of the success of profit-making activity by means of a valuation of the total assets (goods and money) at the beginning of a profit-making venture, and the comparison of this with a similar valuation of the assets still present and newly acquired, at the end of the process; in the case of a profit-making organization operating continuously, the same is done for an accounting period. In either case a balance is drawn between the initial and final states of the assets (Weber 1978, 91).

It thus makes it possible – and this is its aim – to evaluate assets and calculate a result. Assets and economic results are the two fundamentals of business accounting. A device is thus the bearer of some great fundamentals: an ontology, but not necessarily orientations.

#### 4.2 Second Level: A Conception of the Objectives and *raisons d’être* of the Quantified Entity

A key idea emerged from our work on the Chinese accounting reform (Eyraud 2003): the idea that accounting conveys a representation of what an enterprise is, what is internal to it (its objectives) and what is external. Within the planned economy a Chinese enterprise thus covered the costs of the production and reproduction of the labor force; its fixed assets included housing, crèches, schools, and clinics. With the accounting reform of 1993, these non-industrial assets no longer figure in the balance sheets of enterprises: the housing will be sold, the crèches, schools, and clinics closed. It is a quite different model of the enterprise: the enterprise as an essentially economic entity. The definition of these internalities (the economy) and externalities (here, welfare) is both written into and produced by accounting documents and categories. The new French State accounting norms integrate, as we have seen, this purely economic conception of the entity, and also the vision of the role of capital and labor in wealth production that is at the foundation of capitalism.

An Analysis of national accounting systems also, as we have seen, shows the strength of this idea. We expressed it rather differently: an accounting device includes as its bedrock a conception of the enterprise and its objectives

and an opinion as to who is or are the stakeholders who matter, the ones who “count.” There is thus a correspondence between an accounting device and a form of capitalism. The dominant form of monetary valuation is, in this framework, a particularly decisive element: “fair value” is set in a capitalism marked by the central role of the financial markets that buy and sell enterprises, which can be called “finance” or “shareholder” capitalism; historic cost depreciation are set in an “industrial” capitalism.

#### 4.3 Third Level: Micro-Conventions of Calculation

Apart from accounting categories and forms of monetary valuation, there are a large number of possible choices at the very detailed, even microscopic, level of each calculation.

The work of two accounting researchers (Ellwood and Newberry 2004, 2007), one British, the other a New Zealander, provides a particularly revealing example. The adoption of business accounting in the British and New Zealand public sectors was accompanied, throughout the 1990s and 2000s, by the obligation for public entities to bill the services they exchanged at full cost, and systematically compare these full costs with the prices of private sector suppliers. The Finance Ministries of these two countries took two accounting micro-decisions of considerable significance: the fixed assets of public entities should be valued at their market value, to be updated each year (in a period of rapidly rising real-estate prices), and public entities should calculate the capital consumption involved in their activities and include in their full costs the corresponding capital charge, set, depending on the year, at between 3 and 6%; the annual revaluation of fixed assets would automatically increase this capital charge, already set at a very high level.

In this way, the public sector is systematically disadvantaged in public-private comparisons: its costs are necessarily higher because of the accounting choices made.

Biases in the detailed rules suggest that privatization is being pursued surreptitiously by Treasury officials rather than openly by politicians. [...] This may help to explain why the privatizing momentum of the earlier reforms continues even under governments seemingly opposed to the original tenet (Ellwood and Newberry 2004, 23).

The politicians were not generally aware of these “technical” choices; to understand them one had to have access to and scrutinize the cost calculation forms or rules used within the Finance Ministries.

#### 4.4 The Life of the Device: Context and Uses

The accounts of the French State have been drawn up in the new accounting framework since 1st January 2006; an opening balance was drawn up at that point. Nicolas Sarkozy was elected President of the Republic in May 2007; in

July, his Prime Minister François Fillon, launched the “*Révision générale des politiques publiques*” (RGPP).<sup>9</sup> This aimed to review all public policies (hence its name) so as to decide on the modernizations and savings to be made. The main measures were:

- drawing up an analytical accounting to calculate full costs,
- aligning prices on costs (railway fares, INSEE statistical studies),
- imposing responsibility through monetary incentives and the development of internal invoicing based on the costs of the operation (for transport of prisoners so as encourage use of “video-questioning”) or on market value (market rents to be paid by the ministries),
- developing sales of the state’s real estate holdings,
- outsourcing many functions (hospitality, caretaking, maintenance, mail, payroll management, IT system management, etc.),
- allocating state resources on the basis of performance and incentives for increased revenue generation,
- cutting operating budgets by 5% annually from 2011,
- developing PPPs (especially in education, health, justice and defence).

Several of these are linked to the new state accounting, and in particular to the calculation of full costs: alignment of prices on costs, internal invoicing, real-estate sales,<sup>10</sup> which were to be decided on the basis of a cost/benefit analysis, outsourcings and PPPs supposedly decided on the basis of a cost comparison of in-house activity with that of an outside enterprise. The arguments put forward were those of reduced public spending, more efficient, “better” management based on economic criteria. The political determination to outsource was not flagged; some ministers even declared that they would rather have the service provided in-house when the cost difference was not great. One of them was the Minister of Defence, Hervé Morin, who said in 2010:

Each decision to outsource is made after an audit and a comparison between the price of the service provided by private companies and the costs if the service remained internal. If there is no difference, we don’t outsource; if there is little difference in favour of the private sector, again we don’t outsource, but we ask for greater efforts from the department in question; we only outsource when there the differences are great.<sup>11</sup>

So there would seem to be a preference in the Ministry of Defence (the ministry which saw the largest number of outsourcing and PPP decisions under the RGPP) for in-house services. But what happened in practice? For this one can

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<sup>9</sup> The RGPP came to an end in summer 2012 with the election of a new President, François Hollande. His government drew up another reform called “*Modernisation de l’Action publique*” (MAP), mainly marked by large reductions in operating budgets for all public entities.

<sup>10</sup> These had started from 2005-2006.

<sup>11</sup> Rencontres de la Modernisation de l’État, Conférence plénière, 5 July 2010.

consult several public reports produced by the *Cour des comptes* (Court of Auditors) (especially 2011) or the National Assembly (2011).

In a general way, these reports note a very limited use of analytical accounting in the decisions made throughout the RGPP. The choices of properties to be sold were rarely based on costs/benefit analyses and were often made against the wishes of the ministries concerned (Cour des comptes 2011, 187). Outsourcing decisions were not often based on public-private cost comparisons: “The reality of the economic gains secured by outsourcing appears generally difficult to assess. A high proportion of the outsourcings of the last decade were undertaken without precise knowledge of in-house costs” (Cour des comptes 2011, 499). The same is true of a number of PPPs; there was no comparison of the private tender with the public cost. In the case of one of the largest PPPs, for the new Ministry of Defence buildings, the National Assembly report regretted “the absence of examination of possible choices before the political decision” (Assemblée nationale 2011, 272-3). The *Cour des comptes* also looked into the rare examples of outsourcings and PPPs for which a public-private cost comparison had been made, and in each case expressed reservations about the calculations. As in the New Zealand and British cases mentioned above, “Some hypotheses on which the comparisons were built seemed to the *Cour* to disadvantage the scenario of keeping the activity in-house” (Cour des comptes 2011, 505).

Thus the decisions to outsource or to resort to public-private partnerships taken under the RGPP were political decisions that were not, for the most part, based on analyses using accounting data. If, as Weber developed it, what decisively determines economic action is the *actual* tendency to compare a result expressed in money with an investment evaluated in money (Weber 2001, xxxiii), then neither the introduction of business accounting into the state nor the RGPP have signified a progression of economic action into the French State. What has developed is sale of assets (real estate), the assignment to the market of previously public activities and the opening of new markets for public resources (outsourcing and PPP). In recent years in France and as regards the state, a certain rationalization for which the central value is the market, driven by the dominant actors in the political field and some actors in the senior civil service, has advanced at the expense of another form of rationalization, a good management of public funds and goods, defended by other actors in the senior civil service.

Accounting was brought in only as an argument, a justification. This justificatory function of accounting was identified a long time ago within the business field. But two American sociologists, Carruthers and Espeland (1991), go further and argue that in the linkage between the development of accounting and the development of modern capitalism, Weber and Sombart only considered the technical role of accounting, that is to say, what it allows as rationalization of decisions when it is used. They forgot its rhetorical power. Based on

the fact that until the nineteenth century the potentialities of double-entry book-keeping were rarely exploited (company accounts were often poorly kept and not balanced), Carruthers and Espeland suggest that the technical advantages of accounting were for a long time less important than its symbolic interests. Accounting as the embodiment of rationality was brought in to bolster belief in the rationality of the enterprise:

Accounts are a way to display the rationality of decisions and thus enhance their legitimacy. They help to demonstrate that alternatives were considered, trade-offs were made, and potential outcomes compared. Business accounts, as a 'rhetoric of numbers,' engender legitimacy because they document the rationality of decisions in an age when that form of rationality is legitimate (Carruthers and Espeland 1991, 61).

From this point of view, in the early twenty-first century, accounting came at just the right moment into a state undergoing a crisis of legitimacy,<sup>12</sup> in the framework of a conception of the state as having to be accountable, having to prove its efficiency and its good use of public funds.

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## 5. Conclusion

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Finally, there are indeed social and political philosophies within a quantification device, potentially at the three levels discussed. One needs to bring to light each of these levels by examining particular elements of the device. The first is the hardest to grasp, because there is no specific place to look for it; one has to try to look through the device to grasp its ontology and see with what form of state, economic system, or organization it is congruent. The second level is revealed, for an accounting device, through analysis of its categories, their delimitations and the forms of monetary valuation used. The third level requires one to scrutinize the actual calculations: the very process of constructing the quantified data on which they are based (definitions, modalities of implementation of the measurement, including computer processing, etc.) and the modes of calculation selected. While it is necessary to analyze these three levels, this does not tell us everything about the orientation of the device and the effects it can produce; for this, one needs to look at the context in which it is deployed. A device, with all the philosophies with which it is charged, may remain more or less unused and without effect. All of these levels, and also the context in which the device is deployed, are the fruit of socio-historical processes in which different social actors participate, bearing different philosophies or value systems.

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<sup>12</sup> A legitimacy crisis which, like the financial crisis and the crisis of the efficacy of the states which intervened to reinforce it, was partly constructed by the states themselves or at least by a part of them and some groups within them (cf. for example Eyraud 2013, 176-84).



These processes can lead to a maximum coherence between levels and context. This was the case with the reform of public accounting implemented in the UK and New Zealand in the whole administration and public services from the late 1980s to the early 2000s. The State, local government, and public services were split up into autonomous entities; some of these were turned into independent agencies. All these entities have been required to draw up a balance sheet and a profit and loss account. These entities are purely economic; their productions (education, health, etc.) only appear from the standpoint of the costs that they generate. Most of their activities are indeed seen as products for which a comparison should be made, in various forms, between their public cost and their price on the market, and the best “price” chosen. At the same time, the accounting choices made by the Finance Ministries (fixed assets reckoned at market value and updated each year, setting of a high capital charge) quasi-automatically disadvantaged the public tender. The “inefficiency” of the public sector then justifies privatizations, which were a declared aim of the reforms of the 1980s and early 1990s in those two countries, and which seem to have subsequently been an objective surreptitiously pursued by Finance Ministry officials. Both countries have moreover generally adopted the IFRS for their public sectors. We thus have an accounting device which could be described as entirely neo-liberal or at least entirely congruent with a neo-liberal philosophy. But a political decision to remove the dual obligation to compare public cost and private price and to choose the best price would have sufficed to deprive the device of all its effects.

In France, the situation is much more complex. The device is less integrated and there are many “gaps.” Thus, the drawing up of state accounts has certainly allowed the development of a conception of the state close to that of a business and has contributed to the process of de-differentiation of the public sector. But, at the same time, the accounts are only produced for the state in its totality, there are no divisions for its entities. The state has taken over the two fundamentals of the capitalist enterprise, for which only an economic function is recognized and for which labour is an expense and not a capital. Its non-specific fixed assets are valued at their market value, but this choice has not been made in the framework of the political philosophy in which market value is normally set. This has not prevented micro-choices in calculation that disadvantage the public sector in public-private comparisons from justifying recourse to privatizations. These have, however, remained limited, in comparison with the UK or New Zealand, first because there has not been individualization of separate accounting entities and secondly because there has been no obligation for all activities to make a comparison between public costs and prices on the market.

The three-level distinction that we propose, combined with an analysis of the context in which the device is deployed, thus seems heuristic and capable of

grasping the nature and conditions of the link between a quantification device and social or political philosophies.<sup>13</sup>

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<sup>13</sup> It functions well, as we have seen, for the understanding of an accounting quantification device, and also has its full meaning in the analysis of a statistical quantification device. We have implemented it in the analysis of the introduction of a device for quantifying performances in French higher education, where it has shown all its pertinence (Eyraud 2013, 197-213, 237-45, 269-81).

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